

1. 1 - Council Resolutions

The Council of Dannhauser Municipality at a meeting that will take place on 22 March 2017 will table the draft annual budget. The following draft resolutions are contained in the agenda of the Ordinary Council meeting to be held on 22 March 2017:

RECOMMENDATION

That the following draft resolutions in terms of sections 16(2) and 17(3) of the Municipal Finance Management Act, (Act 56 of 2003) be noted for final approval in May 2017.

DRAFT RESOLUTIONS (To be approved in May 2017)

a) that the following draft policies be approved:

- Customer Care, Credit Control and Debt Collection Policy
- Property Rates Policy;
- Tariff Policy,
- Unauthorized Irregular and Fruitless and Wasteful Expenditure Policy;
- Indigent Policy;
- Virement Policy;
- Cash Management and Investment Policy;
- Travel & Subsistence Policy;
- Supply Chain Management Policy;
- PPPFA Policy;
- Asset Management Policy;
- Funding Borrowing & Reserve Policy

(b) that the draft annual budget for the financial year 2017/18 and indicative outer years 2018/19 and 2019/20 be approved as set-out:

(i) Capital expenditure by project as contained in annexure "A" to the agenda;

(ii) Capital funding by source as contained in annexure "A" to the agenda;

(iii) Operating revenue by source as contained in Table A4 of the report;

(iv) Operating expenditure by type as contained in Table A4 of the report

(c) that property rates as reflected in the report be imposed for the budget year 2017/18;

- (d) that tariffs and services charges as reflected in the formal tariff list be approved for the budget year 2017/18;
- (e) that the draft Service Delivery and Budget Implementation Plan (SDBIP) be approved for the budget year 2017/18 as contained in annexure "B" to the agenda;
- (f) that the capital funding, both internal and external funding, be secured prior to the commencement of any new capital project;
- (g) that the draft annual budget documentation for 2016/17– 2018/19 as outlined in the budget regulations be submitted to National and Provincial Treasury.

1.2 Budget 2016/17 Mid-year Review and adjustments budget

The following table shows the original and adjustments budget for 2016/17.

	Original Budget 2015/16	MYR Adjusted Budget 2015/16	Difference
Capital	R 54 728 686.00	R 50 682 901.00	R 4 045 785.00
Operating Income	-R 170 702 590.00	-R 142 641 296.00	-R 28 061 294.00
Operating Expenditure	R 114 865 115.00	R 91 923 544.00	R 22 941 571.00
TOTAL	-R 1 108 788.00	-R 34 851.00	-R 1 073 937.00

The 2016/17 adjustments budget was taken into account in the preparation of the 2017/18 MTREF. In particular, the capital budget must be set at a level that is realistic in terms of the capacity to deliver and the ability to fund.

Executive Summary

The following had an impact

- The negative effect of the declining economic growth;
- The addressing of service delivery shortcomings as identified in the adjustments budget in February 2017 and its effect on the available funding.
- The continued funding constraints with regards to the low available funding for the Capital Budget through the Capital Replacement Reserve;

The 2016/17 adjustments budget in February 2016 again proved that the ability of Council to reduce costs is limited due to the fact that the fixed cost component of the operating budget exceeds the variable costs by far. The adjustments budget nonetheless defined the basis for the draft 2017/18 budget.

The strategic plan resolved that:

- The municipality needs to focus on its core functions.
- Heads of Departments, scrutinized the budget to affect all possible savings
- The need to maximize income through efficiencies and the way we do business was investigated before we decided to increase our rates, service charges and other tariffs;
- A revenue enhancement project was implemented to ensure that all consumers are billed correctly and are contributing to the municipality's income as set out in our tariff policy;
- All attempts need to be made to maximize available National and Provincial Government Grants to service part of our capital program
- The council resolved to seek loan from DBSA to fund the construction of New Offices
- Council resolved to seek additional funding for Capital projects to expedite services delivery, it appointed service providers to go and seek funds for IDP projects.

1.3 MFMA Circulars

National Treasury sent out MFMA Circular No. 85 on 09 December 2016 providing guidance to municipalities on their 2017/18 budgets and Medium Term Revenue and Expenditure Framework (MTREF). Circular No. 78 & 79 reminds us of the key focus areas for the 2016/17 budget process, and that it must be read together with MFMA Circulars no. 48, 51, 54, 55, 58, 59, 66, 67, 70, 72, 74 and 75. It is essential reading material in order to understand the background to this budget.

National Treasury has also set out the requirements for funding the budget and producing a credible budget.

2.1 Funding the Budget

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17.

Achievement of this requirement in totality effectively means that a Council has "balanced" its budget by ensuring that budgeted outflows will be offset by a combination of planned inflows.

Under old budget formats a "balanced" income generated approach was a key objective and this assisted in ensuring that outflows were matched by inflows, provided revenue collections were realistic. However, GRAP compliant budgets necessitate that budget "balancing" be much more comprehensive.

New budgeting and accounting formats demand that the budgeted Statement of Financial Performance (Income Statement), the Budgeted Statement of Financial Position (Balance Sheet) and the Budgeted Statement of Cash Flows must be considered simultaneously to ensure effective financial management and sustainability and to ensure that the budget is funded.

2.2 A Credible Budget

Amongst other things, a credible budget is a budget that:

- Funds only activities consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality;
- Is achievable in terms of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are consistent with current and past performance and supported by documented evidence of future assumptions;
- Does not jeopardize the financial viability of the municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term; and
- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities

2.3 Depreciation

Dannhauser Municipality budgeted R 10 million for depreciation of assets, previous comments by Treasury are noted and the municipality is planning to put the figure of depreciation that is informed by GRAP 17 and scientific calculation in the near future.

3. Budget Overview of the 2016/17 MTREF

This section provides an overview of the Dannhasuer Municipality's 2017/18 to 2019/20 MTREF. It includes an assessment of how the budget links with the national and provincial government contexts along with a review of the fiscal position of Dannhauser Municipality.

The Municipality's budget must be seen within the context of the policies and financial priorities of national, provincial and district government. In essence, the spheres of Government are partners in meeting the service delivery challenges faced in Dannhauser. Dannhauser alone cannot meet these challenges. It requires support from the other spheres of Government through the direct allocation of resources as well as the achievement of their own policies.

According to Circular No. 85, the following headline inflation forecasts underpin the national 2016 Budget:

Fiscal year	2015/16	2016/17	2017/18	2018/19	2019/20
CPI Inflation	4.6%	6.4%	6.1%	5.9%	5.8%

The budget process in Dannhauser followed the requirements of the MFMA. A Table of key deadlines was tabled in Council by the Mayor in August 2016.

Over the 3 year period, the Municipality is planning to spend R 55, 698 000.00 million on capital investment for the infrastructure needs of the Town. In 2016/17 the capital budget is R 50 698 000.00 million, and 2015/16 R 46 753 000.00 million. Operating expenditure in 2017/18 is budgeted at R 69 399 000.00 million and the operating revenue is budgeted at R 140 314 000.00 million.

The MFMA requires municipalities to set out measurable performance objectives when tabling their budgets. These “key deliverables” link the financial inputs of the budget to service delivery on the ground.

As a further enhancement to this, quarterly service targets and monthly financial targets are contained in the Draft Service Delivery and Budget Implementation Plan (SDBIP). This must be approved by the Mayor within 28 days after the approval of the final budget and forms the basis for the Municipality's in year monitoring.

In view of the aforementioned, the following table is a consolidated overview of the proposed MTREF

	Adjustment Budget 2016/17 R '000	Budget Year 2017/18 R'000	Budget Year 2018/19 R'000	Budget Year 2019/20 R'000
Total revenue (excluding capital transfers and contributions)	120 874	148 621	143 578	148 803
Less: Total expenditure	142 606	169 593	166 223	165 692
Surplus/(Deficit) before capital transfers and contributions	(21 732)	(20 972)	(22 645)	(16 889)
Plus: Capital transfers and contributions	21 767	22 081	23 140	24 258
Surplus/(Deficit) before appropriations	34	1 108	494	7 369
Appropriations				
Surplus/(Deficit)	34	1 108	494	7 369
Total Capital Expenditure	50 682	54 728	48 820	41 364

4. Operating Revenue Framework

For Dannhauser Municipality to continue maintaining / improving the quality of services provided to its citizens it needs to generate the required revenue.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines, Circular No. 85
- The municipality's Property Rates Policy;
- The municipality's Credit Control and Indigent Policy and rendering of free basic services;
- Tariff policy and structure;
- Revenue enhancement plan

Revenue generated from property rates and service charges forms a significant percentage of the revenue source of the municipality. The above table takes into account revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality and also capital transfers and contributions.

The operating revenue increased from R 132 641 296.00 million to R 140 314 608.00. The increase in revenue is mainly due to the following:

Operating Revenue & Expenditure by Function Classification(Summary Report) - 2017/2018

Item No.	Accounts	Executive & Council	Corporate Services	Budget & Treasury	Technical Services	Community Services	Protection Services	Planning & Developmen	Municipal Manager	Total
	REVENUE									
	ASSESSMENT RATES	0	0	-24,319,074	0	0	0	0	0	-24,319,074
	INCOME FOREGONE	0	0	5,019,899	0	0	0	0	0	5,019,899
	NET ASSESSMENT	0	0	-19,299,175	0	0	0	0	0	-19,299,175
	TAXI RANK FEES	0	0	0	0	0	-31,830	0	0	-31,830
	INTEREST ON OUTSTANDING ACCOUNTS	0	0	0	0	0	0	0	0	0
	INSURANCE CLAIMS	0	0	0	0	0	-106,100	0	0	-106,100
	LGSETA	0	0	0	0	0	0	0	0	0
	RATES PENALTIES	0	0	-178,927	0	0	0	0	0	-178,927
	REVENUE CLEARANCE CERTIFICATES	0	0	0	0	0	0	0	0	0
	SUNDRY INCOME	0	0	-36,080	-31,512	0	0	0	0	-67,592
	CELLPHONE ALLOWANCE	0	0	0	0	0	0	0	0	0
	INTEREST ON CREDIT BALANCE	0	0	-279,966	0	0	0	0	0	-279,966
	REFUSE REMOVAL	0	0	0	0	-1,112,008	0	0	0	-1,112,008
	CEMETRY FEES	0	0	0	0	-28,614	0	0	0	-28,614
	RENTAL - LAND & BUILDINGS	0	0	0	-222,810	0	0	0	0	-222,810
	INTEREST - EXTERNAL INVESTMENTS	0	0	-4,000,000	0	0	0	0	0	-4,000,000
	TRAFFIC FINES	0	0	0	0	0	-371,350	0	0	-371,350
	ENCROACHMENTS	0	0	0	-10,610	0	0	0	0	-10,610
	DRIVERS LICENCE CARDS	0	0	0	0	0	-216,881	0	0	-216,881
	VEHICLE LICENSES	0	0	0	0	0	-848,800	0	0	-848,800
	LEARNERS LICENSES	0	0	0	0	0	-211,754	0	0	-211,754
	PLAN FEES	0	0	0	-21,220	0	0	0	0	-21,220
	VALUATION ROLL SALES	0	0	0	0	0	0	0	0	0
	VALUATION CERTIFICATES	0	0	-2,175	0	0	0	0	0	-2,175
	LOST BOOKS	0	0	0	0	-15,915	0	0	0	-15,915
	LIBRARY FINES	0	0	0	0	-1,273	0	0	0	-1,273
	PHOTOCOPIES	0	0	0	0	-14,644	0	0	0	-14,644
	VAT RECOGNITION	0	0	-8,572,081	0	0	0	0	0	-8,572,081
	PRODIBA	0	0	0	0	0	-104,528	0	0	-104,528
	S & T REFUND	0	0	0	0	0	0	0	0	0
	CONTRIBUTION FROM ACC. SURPLUS	0	0	0	0	0	0	0	0	0
	FAXES	0	0	0	0	-1,337	0	0	0	-1,337
	INCOME CASH SUSPENSE	0	0	0	0	0	0	0	0	0
	MUNICIPAL REVENUE	0	0	-32,368,404	-286,152	-1,173,791	-1,891,243	0	0	-35,719,590

The following table provides a breakdown of the various grants allocated to Dannhauser Municipality over the medium term:

4.1 Grant Allocation

National	Budget Year 2017/18	Budget Year 2018/19	Budget Year 2019/20
Equitable Share	R 78 831 000.00	R 81 935 000.00	R 83 825 000.00
MIG	R 22 081 000.00	R 23 140 000.00	R 24 258 000.00
FMG	R 1 900 000.00	R 1 900 000.00	R 1 900 000.00
EPWP	R 1 000 000.00		
Total	R 103 812 000.00	R 106 975 000.00	R 109 983 000.00

Provision Allocation

Provincial	Budget Year 2017/18	Budget Year 2018/19	Budget Year 2019/20
PROVINCIALISATION OF LIBRARY – ARTS & CULTURE	R 583 000.00	R 613 000.00	R 644 000.00
COMMUNITY LIBRARY SERVICES – ARTS & CULTURE	R 188 000.00	R 197 000.00	R 202 000.00
LED – COGTA	R 400 000.00		
TOTAL	R 1 171 000.00	R 810 000.00	R 846 000.00

- DBSA Loan
- There are twelve new farms from Ladysmith Municipality which have been moved to Dannhauser Municipality because of Demarcation. Property Rates increased by 12% because of additional properties.
- Vat Recognition increased by 20%, municipality budgeted R 55 million for capital project. Companies that would be doing work for Municipality are Vat Venders
- Anticipated Sourced Funding will be invested on interest generating bank accounts and earn interest for the Municipality. Interest on Investment increased by 25%

- Equitable share increased from R 75 964 000.00 million to R 78 831 000.00 million

4.2 Rates Tariffs

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

An increase of 6.1 % in rates income will be raised for 2017/18.

DRAFT TARIFFS FOR 2017/2018 FY					
CODE	CATEGORY DESCRIPTION			CURRENT TARIFF 2016/2017 5.6%	PROPOSED TARIFFS 2017/2018 6.1% INCREASE
AGA	Agricultural Properties used for agricultural purpose			0.31	0.33
AGB	Agricultural Properties used for other business and commercial purposes			4.14	4.39
ASA	Small holdings used for agricultural/residential purpose			0.31	0.33
ASB	Small holdings used for business/commercial/industrial purpose			4.14	4.39
BUR	Business and commercial properties (with residential use)			4.14	4.39
BUS	Business and commercial properties			4.14	4.39
IND	Industrial properties			4.15	4.40
IFV	Informal settlements			NIL	NIL
INR	Industrial properties (with residential usage)			4.14	4.39
LR	Land reform properties			NIL	NIL
MIN	Mining properties			4.14	4.39
MUN	Municipal properties			NIL	NIL
FBO	Public benefit organisations			NIL	NIL
PSI	Public service infrastructure			0.31	0.33
RES	Residential properties			1.18	1.25
SC	Schools (private and state)			4.68	4.97
STP	State owned properties			4.68	4.97
VL	Vacant land (other than residential)			9.48	10.06
VR	Vacant land zoned residential			8.90	9.44
WOC	Public worship			NIL	NIL
WOR	Worship residential			NIL	NIL

All rebates, reductions and exemptions are contained in Council's approved Municipal Property Rates. Policy may in certain circumstances be applied to the rate as assessed above. The rebates are conditional and will be forfeited if the rates are not paid within 60 days of the date of issue of account.

GENERAL

- (i) Rates will be payable in twelve equal monthly installments within 30 days of date of issue of account .
- (ii) Any rates that are not paid on the date will be subjected to interest at 2% per month or part thereof

(iii). A collection fee of 10% will be raised on amounts outstanding for longer than 120 days

(iv). Any rates remaining unpaid for longer than 6 months will be subjected to legal action to recover the arrear amount.

(v). All outstanding amounts longer than 120 days will be handed over to the municipal attorneys and all the charges will be of a customer.

(vi). The date on which the determination of these tariffs comes into operation is 01 July 2017

OTHER SERVICE TARIFFS				
Hall Hire excluding Dorothy Nyembe hall			291.91	309.72
Hall Hire Deposit for meeting			291.91	309.72
Hall Hire for wedding exc Dorothy Nyembe Hall			2640.00	2801.04
Hall hire deposit for wedding Exc Dorothy Nyembe Hall			1056.00	1120.42
Boardroom Rental per hour			29.15	30.93
Library Rental per hour			29.15	30.93
Billboards			4741.61	5030.85
Election/ advertising Posters Deposit			592.7	628.85
Election/other advertising Posters Fee			296.36	314.44
Vendors pm	(Small room)		82.98	88.04
Vendors pm	(Big room)		106.69	113.20
Stale Cheque or Unpaid Cheque			111.83	118.65
Hiring of Durnacol Sports Centre Dep.(Churches,Funeral and Sports)			2500	2652.50
Hiring of Durnacol Sports Centre (Churches,funeral and sports)			5000	5305.00
Hiring of Durnacol Sports Centre Dep.(Music events & beauty Contests)			5000	5305.00
Hiring of Durnacol Sports Centre (Music Events & beauty contests)			10000	10610.00
Hiring Of Dorothy Nyembe Hall Dep.			1500	1591.50
Hiring Of Dorothy Nyembe Hall			3500	3713.50

NB:

- Cancellations of halls will only be accepted 3 days before the date of bookings, failure to do that will result to a penalty of 50 % being charged on deposit and the hall hire payment will be forfeited
- The following discount are applicable to the Hiring of the Durnacol Sports Center i.e.: Use of Sports Center for
 - Consecutive days 20% discount per day R 14 854.00
 - 4 Consecutive days 30% discount per day R 15 915.00
 - 5 and more consecutive days 40 % discount per day
 - Other Service tariffs charges will incur 6.1 % increase 2017/18 financial year
 - Deposit fee for all adverts will be forfeited if the posters are not removed on the date agreed
 - Vacant land situated in Dannhauser, Hattingspruit and Durnacol that are undeveloped for the period of 24 Months will be penalized at the rate of vacant land rate if its market value is under R 50 0000 and 5 % of the ratable value if its Market value is above R50 000.00
 - Property Rates Rebate for Agricultural Use Properties will decrease from 50 % to 40 %

Valuations				
Valuation Roll per Page			97.13	103.05
Valuation Certificate			48.57	51.53
Deed search			475.20	504.19
Appeal fee refunded under circumstances			78.48	83.27
Revenue Clearance Certificate			194.26	206.11
Search fees			38.85	41.22
Cemetery Fees				
Normal fee per grave			388.54	412.24
Indigent fee per grave			145.93	154.83
Pensioner's fee per Grave			194.26	206.11
Refuse Removal				
Domestic Bind removal INC VAT			50.35	53.42
Business bins 0-4 INC VAT			122.31	129.77
Business bins 5 or more INC VAT			331.68	351.91
Garden refuse (office hours)			200.28	212.50
Garden refuse (after hours)			604.33	641.19
Library Fees				
Group activities			97.07	102.99
Photocopies Black & white			1.33	1.41
photocopies Colour			3.36	3.56
Book fines per week			1.55	1.64
Taxi Rank Fees				
Per Taxi/per year			375.53	398.44
Per Metre Taxi/per year			312.95	332.04
Per Bus/per year			625.89	664.07

Building Plan Fees & Inspections				
AREA				
1-49m ² or part thereof			116.76	123.88
50 - 99.9m ²			174.24	184.87
100 - 149.9m ²			255.44	271.02
150 - 199.9m ²			335.70	356.18
200 - 299.9m ²			415.98	441.35
300 - 399.9m ²			561.94	596.22
400 - 499.9m ²			722.49	766.56
500 - 599.9m ²			883.05	936.92
600 - 799m ²			1036.30	1099.51
800 -999.9m ²			1350.12	1432.48
1000 - 1499.9m ²			1663.93	1765.43
1500 - 1999.9m ²			2379.12	2524.25
2000 - 2999.9m ²			3028.64	3213.39
3000 - 3999.9m ²			4072.22	4320.63
4000 - 5999.9m ²			5115.82	5427.89
6000 - 7999.9m ²			6349.18	6736.48
8000 - 9999.9m ²			7553.33	8014.08
10000m ² - and above			8786.68	9322.67

GIS Maps				
1. FULL COLOURED MAP				
Full coloured Map(with IMAGE) A4			0.00	25.00
Full coloured Map(with IMAGE) A3			0.00	35.00
Full coloured Map(with IMAGE) A2			0.00	80.00
Full coloured Map(with IMAGE) A1			0.00	120.00
Full Coloured Map (With image) AO			0.00	150.00
2. MAP WITH GREY SCALE				
Map with Grey Scale A4			0.00	25.00
Map with Grey Scale A3			0.00	35.00
Map with Grey Scale A2			0.00	80.00
Map with Grey Scale A1			0.00	120.00
Map with Grey Scale AO			0.00	150.00
3. LINE MAP				
LINE MAP A4			0.00	10.00
LINE MAP A3			0.00	20.00
LINE MAP A2			0.00	45.00
LINE MAP A1			0.00	65.00
LINE MAP AO			0.00	85.00
4.DIGITAL MAP BURNING(CD,USB,EMAIL)			0.00	20.00
TOWN PLANNING TARRIFFS				
TOWNSHIPS				
Establishment of Townships			0.00	4970.00
extension of township			0.00	4970.00
Amendment Of cancelation of a general plan of a township			0.00	4970.00
Extension of the validity for an approved township			0.00	980.00
amendment Layout plan			0.00	1657.00
LAND USE SCHEMES				
Adoption Of A Land Use Scheme			0.00	4970.00
Amendment Of a land use Scheme			0.00	4970.00
Development Situated Outside Of a Scheme			0.00	3370.00
USE RIGHTS				
Rezoning		16	0.00	2000.00
Special Consent			0.00	1657.00
Issuing Of Zoning Certificate			0.00	60.00
RESTRICTIVE CONDITIONS				

5.1 Operating Expenditure Framework

The expenditure framework for the 2016/17 budget and MTREF is informed by the guidelines of National Treasury. The following table is a summary of the 2016/17 MTREF (classified by main expenditure types)

The operating expenditure increases from R142, 606 million (2016/17) to R 169,563 million in 2017/18. The increase can be attributed to increases and decreases on several expenditure components

KZN254 Dannhauser - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Expenditure By Type											
Employee related costs	2	15,270	16,247	23,750	34,075	30,317	30,317	–	46,348	47,109	50,130
Remuneration of councillors		7,925	6,529	5,845	7,925	7,925	7,925		7,195	7,603	8,022
Debt impairment	3										
Depreciation & asset impairment	2	22,718	25,305	26,010	7,500	7,500	7,500	–	10,000	10,580	11,162
Finance charges											
Bulk purchases	2	–	–	–	–	–	–	–	–	–	–
Other materials	8	4,916	6,037	4,639	5,780	5,780	5,780		8,351	8,836	9,323
Contracted services		–	–	–	8,147	–	–	–	9,690	10,256	10,839
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	28,789	63,159	47,918	36,417	–	–	–	42,828	40,978	53,396
Loss on disposal of PPE											
Total Expenditure		79,618	117,277	108,162	99,844	51,522	51,522	–	124,411	125,362	142,872

Reasons for significant cost variances:

5.1.1 Employee Related Costs

- An increase of 7.10% was provided for salaries and wages.

- An amount of R 2 856 000.00 million has been budgeted for the contribution to the post retirement benefit obligation.

5.1.2 Remuneration of Councilors

- Increased by 7.10%

5.1.3 General Expenses

- Contracted Services increase due to the housing Projects of R 4 000 000.00 million and Security and Alarms R 3 600 000.00
- There's a budget of R 5 000 000.00 million for Local Economic Development Related activities. This will boost Economic Development of Dannhauser
- Planned Annual Event for R 1000 000.00 million, this will boost the Tourism industry and Small businesses in Dannhauser

5.1.4 Repairs and Maintenance

Repairs and maintenance are 8% of operational expenditure which is within the required percentage as per Circular 78. The increase is due to Buildings Maintenance of R 1 400 000.00 million and Road Maintenance R 2 500 000.00 million

5.1.5 Capital Budget

The capital budget increased from R 50 682 million (2016/17) to R 54 498 million in 2017/18.

This capital budget has been compiled with due consideration to the direct impact that it would have on the operating budget and our cash position where projects are to be funded from either internal sources or from external borrowings

The capital budget reflects the following budget allocation to the various Departments and reflects the strategic priorities outlined in the IDP:

KZN254 Dannhauser - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Capital Expenditure - Functional											
<i>Governance and administration</i>		14,503	26,251	33,496	49,703	48,763	6,880	-	5,742	1,626	1,718
Executive and council		958			6,000	6,148	6,148		5,100	1,164	1,232
Finance and administration		1,596	775		732	732	732		642	461	487
Internal audit		11,949	25,476	33,496	42,971	41,883			-	-	-
<i>Community and public safety</i>		3,263	273	-	1,550	1,820	1,820	-	4,206	4,433	4,673
Community and social services		506	273		1,050	1,070	1,070		3,155	3,325	3,505
Sport and recreation									-	-	-
Public safety		2,757			500	750	750		1,051	1,108	1,168
Housing									-	-	-
Health											
<i>Economic and environmental services</i>		100	-	-	-	-	-	-	44,781	42,762	34,974
Planning and development		100							44,781	42,762	34,974
Road transport											
Environmental protection											
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-
Energy sources											
Water management											
Waste water management											
Waste management											
<i>Other</i>											
Total Capital Expenditure - Functional	3	17,866	26,524	33,496	51,253	50,583	8,700	-	54,729	48,821	41,365

5.1.5 Capital funding by source

5.1.6 Internal Funding

Given the current economic climate and the impact that an increase, much higher than the CPI, will have on the consumers it was decided to not opt for an additional increase in service charges to fund the CRR

Although the budgeted income and expenditure are realistically anticipated, the situation regarding the available internal funds will be monitored closely and expenditure on capital projects linked to the CRR will be managed according to the available cash.

The Internal Funding for Capital projects is R 12 647 686.00 million.

A number of crucial issues impacting on the fleet needs to be resolved before a final decision can be made regarding further purchasing of vehicles.

Major upgrading of infrastructure has been requested by the technical departments

➤ REVAMPING OF HALLS	R 500 000.00
➤ FLEET	R 2.2 MILLION
➤ NEW OFFICES	R 10 MILLION
➤ ELECTRIFICATION -INTERNAL FUNDING	R 4 MILLION
➤ SPORTS COMBO	R 1.7 MILLION
➤ CRETCH-COUNTER FUNDING	R 1.5 MILLION
➤ URBAN ROADS- INTERNAL	R 1 MILLION
TOTAL	R 20.9 MILLION

Additional income will need to be generated to fund the capital charges.

5.1.7 External Funding

"DBSA has been approached for bulk services grant funding. Pre-approved loan of Twenty Five million rand (R25m) has been informally granted.

A Loan will be used in the construction of New Offices

5.1.8 Government Funding- MIG

The MIG allocation for 2017/18 is R 22 081 000.00, 2018/19 R 23 140 000.00 and R 24 258 000.00. MIG capital projects for 2017/18 are as follows:

➤ CONSTRUCTION OF DANNHAUSER TAXI RANK-MIG	R 7,000,000
➤ TESTING GROUNG –MIG	R 6,081,000
➤ RURAL ROADS	R 6,000,000
➤ COMMUNITY HALL (ward 2)	R 3,000,000
TOTAL	R <u>22,081,000</u>

KZN254 Dannhauser - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Funded by:											
National Government					21,767	21,767	21,767		22,081	23,140	24,258
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	-	-	-	21,767	21,767	21,767	-	22,081	23,140	24,258
Public contributions & donations	5										
Borrowing	6								20,000	21,180	22,408
Internally generated funds					29,586	29,251	2,951		12,648	4,501	5,301
Total Capital Funding	7	-	-	-	51,353	51,018	24,718	-	54,729	48,821	51,967

6. Budget Schedules

The Municipal Budget and Reporting Regulations are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver basic services by facilitating improved financial sustainability and better medium term planning and policy choices on service delivery.

Narrative will only be provided at certain tables to clarify certain aspects otherwise it will be a repetition of what has already been documented.

KZN254 Dannhauser - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	8,693	11,667	13,503	17,617	16,954	16,954	–	19,299	20,439	21,568
Service charges	826	852	928	–	–	–	–	1,103	1,167	1,235
Investment revenue	1,495	1,420	2,550	3,000	3,000	3,000	–	4,000	4,216	4,444
Transfers recognised - operational	78,399	98,972	79,075	79,376	79,376	79,376	–	78,831	81,935	83,825
Other own revenue	1,205	9,613	6,940	25,653	10,145	10,145	–	15,603	11,590	12,218
Total Revenue (excluding capital transfers and contributions)	90,619	122,523	102,996	125,646	109,475	109,475	–	118,835	119,347	123,290
Employee costs	15,270	16,247	23,750	34,075	30,317	30,317	–	46,348	47,109	50,130
Remuneration of councillors	7,925	6,529	5,845	7,925	7,925	7,925	–	7,195	7,603	8,022
Depreciation & asset impairment	22,718	25,305	26,010	7,500	7,500	7,500	–	10,000	10,580	11,162
Finance charges	–	–	–	–	–	–	–	–	–	–
Materials and bulk purchases	4,916	6,037	4,639	5,780	5,780	5,780	–	8,351	8,836	9,323
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	28,789	63,159	47,918	44,564	–	–	–	52,517	51,234	64,235
Total Expenditure	79,618	117,277	108,162	99,844	51,522	51,522	–	124,411	125,362	142,872
Surplus/(Deficit)	11,000	5,247	(5,165)	25,803	57,953	57,953	–	(5,575)	(6,015)	(19,582)
Transfers and subsidies - capital (monetary allocation)	19,228	20,422	21,074	21,767	21,767	21,767	–	22,081	23,140	24,258
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	30,228	25,669	15,909	47,570	79,720	79,720	–	16,506	17,125	4,676
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	30,228	25,669	15,909	47,570	79,720	79,720	–	16,506	17,125	4,676

KZN254 Dannhauser - Table A1 Budget Summary

Description R thousands	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20

Capital expenditure & funds sources										
Capital expenditure	17,866	26,524	33,496	51,253	50,583	8,700	–	54,729	48,821	41,365
Transfers recognised - capital	–	–	–	21,767	21,767	21,767	–	22,081	23,140	24,258
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	20,000	21,180	22,408
Internally generated funds	–	–	–	29,586	29,251	2,951	–	12,648	4,501	5,301
Total sources of capital funds	–	–	–	51,353	51,018	24,718	–	54,729	48,821	51,967
Financial position										
Total current assets	39,570	45,488	52,972	33,305	43,689	43,689	–	43,454	54,091	57,387
Total non current assets	243,261	340,115	349,161	243,295	234,633	234,633	–	316,351	365,177	405,452
Total current liabilities	35,576	15,221	25,712	11,803	11,804	11,804	–	31,000	4,000	5,000
Total non current liabilities	3,613	3,926	4,454	3,926	3,926	3,926	–	25,000	25,180	26,908
Community wealth/Equity	278,725	348,403	361,097	249,740	271,071	–	–	264,817	352,907	392,644
Cash flows										
Net cash from (used) operating	48,900	(11,942)	50,595	40,435	37,459	37,459	–	43,333	46,688	35,884
Net cash from (used) investing	(29,174)	(3,547)	(49,632)	(51,353)	(38,597)	(38,597)	–	(44,429)	(48,520)	(40,914)
Net cash from (used) financing	–	–	285	–	10	10	–	14,000	12,020	9,227
Cash/cash equivalents at the year end	36,018	20,530	21,778	25,824	35,614	35,614	–	12,904	23,091	27,287
Cash backing/surplus reconciliation										
Cash and investments available	36,019	40,336	42,794	28,153	35,614	35,614	–	12,904	23,091	27,287
Application of cash and investments	31,536	9,822	16,165	7,098	828	828	–	3,236	(28,303)	(26,361)
Balance - surplus (shortfall)	4,483	30,514	26,629	21,055	34,786	34,786	–	9,668	51,394	53,648
Asset management										
Asset register summary (WDV)	–	–	–	–	–	–	–	–	–	–
Depreciation	–	–	–	–	–	–	10,000	10,000	10,580	11,162
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	–	–	–	5,655	7,127	3,410	8,351	8,351	8,836	9,323
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–	29,348	29,348	31,031	32,732
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	4	4	4	4	4	4	4	4	4	4
Refuse:	–	–	–	–	–	–	–	–	–	–

KZN254 Dannhauser - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Revenue by Vote										
Vote 1 - Executive & Council	1	2,465	–	–	5,478	5,118	5,118	4,938	5,184	5,430
Vote 2 - Corporate Services		22,623	50,333	39,000	22,047	22,037	22,037	22,367	23,443	24,579
Vote 3 - Budget & Treasury Office		56,186	67,644	76,694	111,227	110,441	110,441	108,161	102,325	116,382
Vote 4 - Community Services		998	689	4,574	3,246	3,263	3,263	2,945	2,053	2,161
Vote 5 - Public Safety		1,730	1,912	2,081	1,657	1,783	1,783	1,891	1,994	2,102
Vote 6 - Planning & Development		800	884	939	–	–	–	400	–	–
Vote 7 - Community Services		–	852	928	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	84,802	122,314	124,215	143,655	142,641	142,641	140,703	134,999	150,653

KZN254 Dannhauser - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive & Council		13,219	27,431	7,244	26,947	27,898	27,898	34,392	32,162	33,997
Vote 2 - Corporate Services		27,236	26,291	17,783	38,005	70,746	71,314	81,364	77,153	71,437
Vote 3 - Budget & Treasury Office		33,905	41,441	35,712	22,491	22,451	22,451	26,382	27,799	29,416
Vote 4 - Community Services		5,188	11,349	24,807	13,136	10,720	10,720	15,586	16,519	17,501
Vote 5 - Public Safety		3,981	7,613	4,898	4,645	4,209	4,209	5,381	5,713	6,066
Vote 6 - Planning & Development		2,562	6,390	4,199	5,465	6,014	6,014	6,489	6,877	7,276
Vote 7 - Community Services		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	86,093	120,515	94,644	110,690	142,038	142,606	169,594	166,224	165,692

KZN254 Dannhauser - Table A4 Budgeted Financial Performance (revenue and expenditure)

2017/18 Medium Term Revenue & Expenditure Framework												
Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source												
Property rates		2	8,693	11,667	13,503	17,617	16,954	16,954	–	19,299	20,439	21,568
Service charges - electricity revenue		2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue		2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue		2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue		2	826	852	928	–	–	–	–	1,103	1,167	1,235
Service charges - other												
Rental of facilities and equipment			164	165	44	210	210	210		223	236	250
Interest earned - external investments			1,495	1,420	2,550	3,000	3,000	3,000		4,000	4,216	4,444
Interest earned - outstanding debtors												
Dividends received												
Fines, penalties and forfeits			475	851	714	350	350	350		371	391	413
Licences and permits						1,246	1,204	1,204		1,277	1,346	1,419
Agency services												
Transfers and subsidies			78,399	98,972	79,075	79,376	79,376	79,376		78,831	81,935	83,825
Other revenue		2	565	8,597	6,182	23,847	8,381	8,381	–	13,731	9,616	10,137
Gains on disposal of PPE												
Total Revenue (excluding capital transfers and contributions)			90,619	122,523	102,996	125,646	109,475	109,475	–	118,835	119,347	123,290

KZN254 Dannhauser - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Expenditure By Type											
Employee related costs	2	15,270	16,247	23,750	34,075	30,317	30,317	-	46,348	47,109	50,130
Remuneration of councillors		7,925	6,529	5,845	7,925	7,925	7,925		7,195	7,603	8,022
Debt impairment	3										
Depreciation & asset impairment	2	22,718	25,305	26,010	7,500	7,500	7,500	-	10,000	10,580	11,162
Finance charges											
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	4,916	6,037	4,639	5,780	5,780	5,780		8,351	8,836	9,323
Contracted services		-	-	-	8,147	-	-	-	9,690	10,256	10,839
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	28,789	63,159	47,918	36,417	-	-	-	42,828	40,978	53,396
Loss on disposal of PPE											
Total Expenditure		79,618	117,277	108,162	99,844	51,522	51,522	-	124,411	125,362	142,872
Surplus/(Deficit)		11,000	5,247	(5,165)	25,803	57,953	57,953	-	(5,575)	(6,015)	(19,582)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		19,228	20,422	21,074	21,767	21,767	21,767		22,081	23,140	24,258
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		30,228	25,669	15,909	47,570	79,720	79,720	-	16,506	17,125	4,676
Taxation											
Surplus/(Deficit) after taxation		30,228	25,669	15,909	47,570	79,720	79,720	-	16,506	17,125	4,676
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		30,228	25,669	15,909	47,570	79,720	79,720	-	16,506	17,125	4,676
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		30,228	25,669	15,909	47,570	79,720	79,720	-	16,506	17,125	4,676

KZN254 Dannhauser - Table A6 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Current assets											
Cash		22,012	20,530	31,924	2,815	10,276	10,276		2,904	3,091	7,287
Call investment deposits	1	14,007	19,806	10,869	25,338	–	–	–	10,000	20,000	20,000
Consumer debtors	1	1,829	1,827	3,969	1,827	8,075	8,075	–	8,550	11,000	12,100
Other debtors		1,722	3,325	6,210	3,325				22,000	20,000	18,000
Current portion of long-term receivables											
Inventory	2										
Total current assets		39,570	45,488	52,972	33,305	18,351	18,351	–	43,454	54,091	57,387
Non current assets											
Long-term receivables											
Investments											
Investment property		8,708	8,662	14,816	8,662				14,000	14,000	13,000
Investment in Associate											
Property , plant and equipment	3	234,451	331,372	334,188	234,633	–	–	–	302,267	351,087	392,452
Agricultural											
Biological											
Intangible		46	25	101					26	28	
Other non-current assets		56	56	56					59	62	
Total non current assets		243,261	340,115	349,161	243,295	–	–	–	316,351	365,177	405,452
TOTAL ASSETS		282,831	385,602	402,133	276,600	18,351	18,351	–	359,805	419,268	462,839

KZN254 Dannhauser - Table A6 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
TOTAL ASSETS		282,831	385,602	402,133	276,600	18,351	18,351	-	359,805	419,268	462,839
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits											
Trade and other payables	4	35,576	15,221	25,712	11,803	-	-	-	31,000	4,000	5,000
Provisions									-		
Total current liabilities		35,576	15,221	25,712	11,803	-	-	-	31,000	4,000	5,000
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	20,000	21,180	22,408
Provisions		3,613	3,926	4,454	3,926	-	-	-	5,000	4,000	4,500
Total non current liabilities		3,613	3,926	4,454	3,926	-	-	-	25,000	25,180	26,908
TOTAL LIABILITIES		39,189	19,147	30,166	15,729	-	-	-	56,000	29,180	31,908
NET ASSETS	5	243,642	366,455	371,967	260,871	18,351	18,351	-	303,805	390,088	430,930
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		278,725	348,403	361,097	249,740	271,071			264,817	352,907	392,644
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	278,725	348,403	361,097	249,740	271,071	-	-	264,817	352,907	392,644

KZN254 Dannhauser - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		11,388	14,431	16,319	13,382	10,706	10,706		14,474	15,329	16,176
Service charges					1,048	1,048	1,048		834	883	934
Other revenue		813	8,761	3,725	25,082	25,082	25,082		17,412	18,380	19,378
Government - operating	1	49,712	97,627	100,112	79,376	79,376	79,376		82,902	84,645	86,571
Government - capital	1	44,235			21,767	21,767	21,767		22,081	23,140	24,258
Interest		1,048	1,495	1,420	3,000	2,700	2,700		3,000	3,162	3,333
Dividends									-	-	-
Payments											
Suppliers and employees		(58,296)	(129,593)	(66,297)	(103,220)	(103,220)	(103,220)		(97,371)	(98,852)	(114,766)
Finance charges									-	-	-
Transfers and Grants	1		(4,664)	(4,684)					-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		48,900	(11,942)	50,595	40,435	37,459	37,459	-	43,333	46,688	35,884
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		160	76	234		3,000	3,000		500	600	700
Decrease (Increase) in non-current debtors						9,756	9,756		(200)	(300)	(250)
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments		(29,334)	73	(30,084)					10,000	-	-
Payments											
Capital assets			(3,696)	(19,782)	(51,353)	(51,353)	(51,353)		(54,729)	(48,820)	(41,364)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(29,174)	(3,547)	(49,632)	(51,353)	(38,597)	(38,597)	-	(44,429)	(48,520)	(40,914)

KZN254 Dannhauser - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
NET CASH FROM/(USED) INVESTING ACTIVITIES		(29,174)	(3,547)	(49,632)	(51,353)	(38,597)	(38,597)	-	(44,429)	(48,520)	(40,914)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									20,000	20,000	20,000
Increase (decrease) in consumer deposits				285		10	10		-	-	-
Payments											
Repayment of borrowing									(6,000)	(7,980)	(10,773)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	285	-	10	10	-	14,000	12,020	9,227
NET INCREASE/ (DECREASE) IN CASH HELD		19,725	(15,489)	1,248	(10,918)	(1,128)	(1,128)	-	12,904	10,187	4,196
Cash/cash equivalents at the year begin:	2	16,293	36,019	20,530	36,742	36,742	36,742		-	12,904	23,091
Cash/cash equivalents at the year end:	2	36,018	20,530	21,778	25,824	35,614	35,614	-	12,904	23,091	27,287

Part 2 – Supporting documentation

Disclosure on implementation of the MFMA & other applicable legislation

Municipal Finance Management Act – No 56 of 2003

The MFMA became effective on 1st July 2004. The Act aims to modernize budget and financial management practices within the overall objective of maximizing the capacity of municipalities to deliver services.

The MFMA covers all aspects of municipal finance including budgeting, supply chain management and financial reporting. The various sections of the Act are phased in according to the designated financial management capacity of municipalities. The MFMA is the foundation of the municipal financial management reforms which municipalities are implementing.

The MFMA and the budget

The following explains the budgeting process in terms of the requirements in the MFMA. It is based on National Treasury's guide to the MFMA.

The budget preparation process

Overview

A central element of the reforms is a change to the way that municipalities prepare their budgets.

The MFMA requires a council to adopt three-year capital and operating budgets that take into account, and are linked to, the municipality's current and future development priorities (as contained in the IDP) and other finance-related policies (such as those relating to free basic service provision).

These budgets must clearly set out revenue by source and expenditure by vote over three years and must be accompanied by performance objectives for revenue and expenditure, a cash flow statement and particulars on borrowing, investments, municipal entities and service delivery agreements, grant allocations and details of employment costs.

The budget may be funded only from reasonable estimates of revenue and cash-backed surplus funds from the previous year and borrowings (the latter for capital items only).

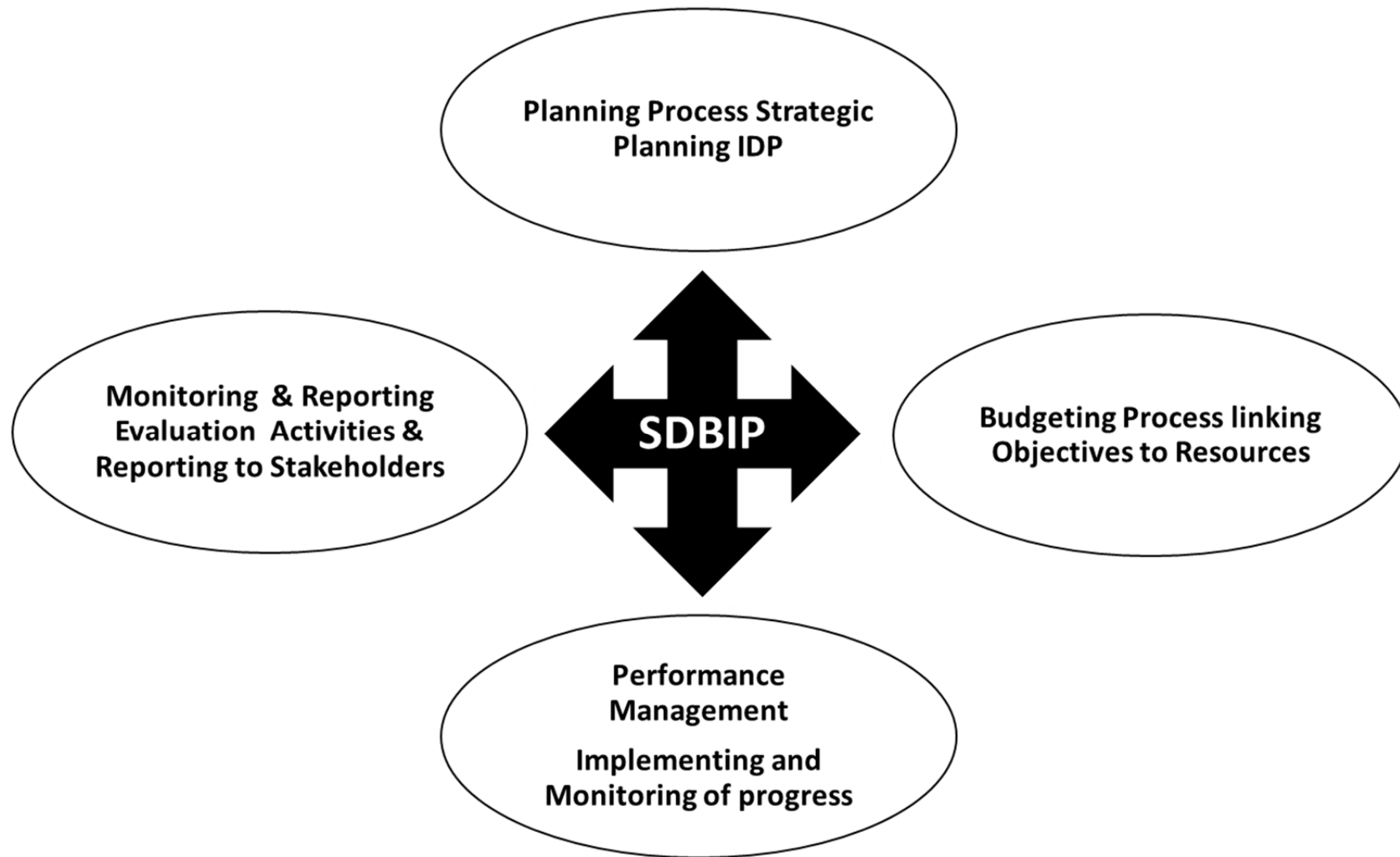
Dannhauser Municipality – 2017/2018 Draft Annual Budget and MTREF

Budget preparation timetable

The first step in the budget preparation process is to develop a timetable of all key deadlines relating to the budget and to review the municipality's IDP and budget related policies.

The budget preparation timetable should be prepared by senior management and tabled by the mayor for council adoption ten months before the commencement of the next budget year.

The next diagram depicts the planning, implementation and monitoring process that is followed in



PROCEDURES/PROCESS FOR PARTICIPATION

Representative Forum and Constituency Meetings

The representative forum and Constituency Meetings will meet as follows and deal with the following issues:

DATES OF IDP REPRESENTATIVE FORUM AND PUBLIC CONSULTATION MEETINGS	
<ul style="list-style-type: none">• 21 July 2016 -Ward Committees & CDW's• 11 August 2016 – IDPRF Meetings	<ul style="list-style-type: none">• The provision of feedback on the status quo and strategic framework components of the IDP; (Process Plan)• Presentation of the Sector Plans• Status Quo and review of the Spatial Development Framework and SPLUMA introduction.
<ul style="list-style-type: none">• Ward Public Constituency Meetings (Ward1-11), 19-25 October 2016	<ul style="list-style-type: none">• Ward Councillors reporting to their Constituencies for the 1st Quarter of 2016/2017 Financial Year, to their respective Wards.
<ul style="list-style-type: none">• Ward Committees and CDW's -11 November 2016• 18 -19 November 2016 - Budget/IDP Roadshows Meeting	<ul style="list-style-type: none">• The provision of feedback on the status quo and strategic framework components of the IDP;• Submission of Capital Projects and Report on; and• First Quarter Report

for all 11 Wards	
<ul style="list-style-type: none"> • 21 March 2017- IDPRF Meeting 	<ul style="list-style-type: none"> • Presentation of the draft IDP and Budget ahead of the public participation process. • Presentation of the PMS quarterly report. <ul style="list-style-type: none"> • Sector Plans and SPLUMA compliance report as per SDF
<ul style="list-style-type: none"> • 4-7 April 2017- IDP/Budget Road shows 	<ul style="list-style-type: none"> • to all stakeholders as prescribed by the legislation (Communities, Ward Committees, Business Representatives, and other structures
<ul style="list-style-type: none"> • 18 May 2017 – IDPRF MEETING 	<ul style="list-style-type: none"> • Feedback on comments received during the 21 day advert period on the Budget and IDP as well as the public participation process and suggested ways of addressing these issues. • Recommendation by the IDP RF for the adoption of the IDP by Council.

JUNE 2016 TO JULY 2017	DATE	RESPONSIBILITY
First meeting of the Technical Committee (MANCO)	06 July-2016	Municipal Manager; IDP Manager
Preparation of the Draft IDP, Budget and OPMS Process Plans	22 June-2016	Municipal Manager; CFO and IDP Manager
Mayor tables timetable for the IDP, Budget and OPMS to Council	08-July-2016	Municipal Manager; Office of the Mayor
Advertise Draft Process Plan and notification of the IDP Forum	08-July-2016	Municipal Manager; IDP Manager
First meeting Steering Committee (MANCO and Govt. Depts. Review provincial and national government sector and strategic plans	20-July-2016	Municipal Manager; IDP Manager
Municipality submit Draft 2016/17 Reviewed IDP Framework and Process Plans for comments to COGTA	29 July 2016	IDP Co-ordination Business Unit, Spatial Planning Business Unit , Municipal Planners
AUGUST 2016	DATE	RESPONSIBILITY
Mayor establishes/reconstitute committees and consultation forums for the IDP, Budget and OPMS processes	12-Aug-2016	Municipal Manager; Mayor
Closing date for comments in Draft Process	08-Aug-	Municipal Manager; IDP

Plan	2016	Manager
Second meeting of the Technical Committee	17-Aug-2016	Municipal Manager; IDP Manager
Ward Committee meetings (in respective wards): prioritisation of projects	08-Aug-2016	Municipal Manager; Dir. Corporate Services; Office of the Speaker
First IDP Forum meeting	19 -Aug-2016	Municipal Manager; IDP Manager; Communications Manager
Analyse gaps between actual and planned performance and assess the impact on the next three year plan	28-Aug-2016	Municipal Manager; CFO
On the basis of the financial statements of previous years and performance review, determine the financial position of the municipality and assess its financial capacity and potential impacts on future strategies and budgets	29-Aug-2016	Municipal Manager; CFO
COGTA finalise comments on Draft Framework and Process Plans	31 Aug 2016	IDP Co-ordination Business Unit, Spatial Planning Business Unit , Municipal Planners
Sustainable Living Exhibition	22 -24 Aug 2016	MEC, IDP Co-ordination Business Unit, Municipal representatives, Sector

		Departments
SEPTEMBER 2016	DATE	RESPONSIBILITY
Determine future directions and priority areas for the municipality to guide the budget allocations and IDP	01-Sep-2016	Municipal Manager and MANCO
Identify factors that impact on future budgets and determine financial parameters	07-Sep-2016	Municipal Manager; CFO
Determine funding revenue available for next three years	14-Sep-2016	Municipal Manager; CFO
IDP Indaba (Oop on PGDP, MEC Panel Feedback, Adoption of IDP Management Plan, review of assessment process and template	19 Sep 2016	IDP Co-ordination Business Unit, Municipal representatives, Sector Departments
Review funding policies and tariff structures	21-Sep-2016	Municipal Manager; CFO
Based on past year's performance compile draft medium – term expenditure framework	28-Sep-2016	Municipal Manager; CFO; HODs
OCTOBER 2016	DATE	RESPONSIBILITY
Review of strategies, objectives, priorities desired for the next three years and notification of the IDP Forum	03-Oct-2016	Municipal Manager; HODs
Cost estimate capital and operational plans	05-Oct-2016	Municipal Manager; Dir. Infrastructure and Technical; CFO; IDP

		Manager
Second meeting of the Steering Committee (MANCO and Govt. Dept.) Municipality receive inputs from Govt. Depts. and SOEs	19-Oct-2019	Municipal Manager; IDP Manager
Third meeting of the Technical Committee (MANCO)	26-Oct-2016	Municipal Manager; MANCO
Finalization of FP/PP	31 Octo - 2016	IDP co-ordination, Municipal Council, Municipal Planner
NOVEMBER 2016	DATE	RESPONSIBILITY
Community consultation process and reporting on the current budget, IDP, PMS, and on the reviewing of the IDP, Budget and OPMS	10-11-Nov-2016	Council; EXCO; Municipal Manager
IDP Feedback Session ➤ Amajuba	11 Nov 2016	IDP Co-ordination Business Unit, Municipal Planners, Sector Depts. and SOEs
World Planning Day Celebrations	07 Nov 2016	IDP Co-ordination Business Unit, Municipal representatives

Support provided to Municipalities with weak IDPs	Nov 2016	IDP Co-ordination Business Unit
DECEMBER 2016	DATE	RESPONSIBILITY
MANCO discussing public comments and inputs on Budget/IDP/OPMS, and also considers inputs for reviewing of the IDP, compilation of the Budget and OPMS input.	01-Dec-2016	Municipal Manager; IDP Manager
EXCO discussing public inputs and MANCO recommendations on the IDP/Budget and OPMS	08-Dec-2016	Executive Committee
Support provided to Municipalities with weak IDPs	Dec 2016 – Mar 2017	Municipal representatives, Sector Departments, SOE's
JANUARY 2017	DATE	RESPONSIBILITY
Assess midyear budget and performance to inform adjustments	21-Jan-2017	Municipal Manager; CFO
Mayor tables budget adjustments for the current financial year	27-Jan-2017	Mayor; Municipal Manager; CFO
Council approves budget adjustments	27-Jan-2017	Council
Finalise detailed plans and budgets	28-Jan-2017	Municipal Manager; CFO; HODs
FEBRUARY 2017	DATE	RESPONSIBILITY
Prepare Draft IDP Review, Budget and OPMS	01-Feb-	Municipal Manager;

	2017	CFO; IDP Manager
Align draft budget and IDP Review report	08-Feb 2017	Municipal Manager; CFO; IDP Manager
Meeting of COGTA, Sector Departments and Municipalities on IDP drafting and assessment process for 2016/2016	10 Feb 2017	IDP Co-ordination Business Unit
Finalise budget for next three years in prescribed formats	15-Feb- 2017	Municipal Manager; CFO
Set Key Performance Indicators and Targets	22-Feb- 2017	Municipal Manager; HODs; IDP Manager
Municipal Manager submit draft budget and plans, tariffs and related policies to Mayor	28-Feb- 2017	Municipal Manager; CFO
MARCH 2017	DATE	Responsibility
Present draft IDP Review, preliminary Budget and OPMS proposals to EXCO for recommendation to Council	08-Mar- 2017	Municipal Manager; CFO; IDP Manager
Finalise tariffs and policies	14-Mar- 2017	Municipal Manager; CFO; HODs
Present Draft IDP Review, Budget and OPMS reports to EXCO and Council. Council informs strategic objectives, KPIs and Targets as set out in the Draft IDP Review	22-Mar- 2017	EXCO; Municipal Manager
Incorporate EXCO proposals to the Draft IDP Review	24-Mar- 2017	Municipal Manager; IDP Manager

Second meeting of the IDP Forum	24 Mar 2017	Municipal Manager; IDP Manager; Mayor
Mayor tables draft multi – year budget to Council	27-Mar-2017	Mayor
Present the draft IDP Review to Council and submission of report to DLGTA for assessment	29-Mar-2017	Municipal Manager
Submit copies of the tabled budget to Provincial and National Treasury	29-Mar-2017	Municipal Manager; CFO
Municipalities complete draft Reviewed IDPs for submission to COGTA for Assessment Discussion Sessions	1-31 Mar 2017	Municipal Planners- COGTA Planners, Sector Departments, SOEs
Municipalities submit draft 2016/17s to COGTA for Decentralised Assessment Discussion Sessions	30 Mar 2017	Municipal Planners ,COGTA Planners
APRIL 2017	DATE	RESPONSIBILITY
Publish tabled draft budget with all related policies, tariffs and by-laws for comments	03-Apr-2017	Municipal Manager; CFO
Tabling of the Draft Budget, IDP, OPMS, to Ward Committees, Traditional Leadership, Business, Focal Group and other stakeholders	04-07-Apr 2017	Office of the Speaker; Municipal Manager; CFO
➤ Decentralised IDP Self-Assessment	12 April	IDP Co-ordination

discussion session ➤ Amajuba	2017	Business Unit, COGTA Business Units, Municipal representatives
Community consultation process on the reviewing of the IDP, Budget and OPMS		Council; EXCO; Municipal Manager
Incorporate comments from stakeholders including provincial and national departments.	21-Apr-2017	Municipal Manager; CFO
Closing date for public comments on draft budget	21-Apr-2017	Municipal Manager; CFO
Consult with sector departments to finalise allocations from government.	28-Apr-2017	Municipal Manager; CFO
Fourth meeting of the Technical/Steering Committee.	25-Apr-2017	Municipal Manager
MAY 2017		
MANCO discuss stakeholders inputs and recommendations on Budget, IDP, and OPMS	09-May-2017	CFO, Municipal Manager and HOD's
Convening of Decentralised IDP Assessment Discussions and IDP Feedback session	05 May 2017	
IDP Assessment Feedback Session	05 May 2017	IDP Co-ordination Business Unit COGTA Business Units Municipal

		Representatives
Third meeting of the IDP Forum	24-May-2017	Municipal Manager; IDP Manager; Mayor
Present draft IDP Review, preliminary Budget and OPMS proposals to EXCO for recommendation to Council	25-May-2017	Municipal Manager; EXCO
Mayor tables revised budget/IDP/OPMS to Council for approval	26-May 2017	Mayor, Council
Council to consider approval of the revised budget and plans at least 30 days before start of the budget year.	26-May-2017	Council
Prepare draft SDBIPs linked to IDP, Budget and OPMS.	31-May-2017	Municipal Manager; CFO; HODs
JUNE & JULY 2017	DATE	RESPONSIBILITY
Publish budget and forward copies of approved budget to Provincial and National Treasury, COGTA	07-July-2017	Municipal Manager; CFO.
Training of Sector Departments	13-14 June 2017	IDP Co-ordination Business Unit,
Mayor approves SDBIPs within 28 days after approval of the budget setting tariffs, approving changes to idp, budget related policies, approving measurable performance	14-June-2017	Mayor

objectives for revenue by source and by vote before start of the financial year-.MFMA s 16,24,26,53		
Municipal adopt IDPs	30 June 2017	Municipal Councils
Publish the SDBIPs and Performance Agreements. Copies forwarded to National and Provincial Treasury; MEC for Local Government MFMA S75,87	14 June to 13 July 2017	Mayor; Municipal Manager; HODs
Briefing session with Sector Departments and SOEs, handing out of CDs with draft IDPs and assembling of MEC Panel	14 July 2017	IDP Co-ordination Business Unit, Sector Departments, SOEs

In terms of Section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year a time schedule of key deadlines that sets out the process to revise the IDP and prepare the budget. Tabling of the draft budget

The initial draft budget must be tabled by the mayor before council for review by 31 March.

Once tabled at council, the municipal manager must make public the appropriate budget documentation and submit it to both the national and the relevant provincial treasury and any other government departments as required. At this time, the local community must be invited to submit representations on what is contained in the budget.

The municipal budget will be tabled before Council on 31 March 2017.

Consultation with the community and key stakeholders

When the draft budget is tabled, council must consider the views of the local community, the national and the relevant provincial treasury and other municipalities and government departments that may have made submissions on the budget.

The consultation with National and Provincial Treasuries regarding the MTREF is set to take place during April and May 2017.

An extensive public participation process will be conducted as part of the IDP and Budget Road shows and will commence during April 2017. The overall objective of this road show is to ensure an authentic and inclusive public participation process for the IDP and budget. The planning of this road shows will drive by a steering committee constituted by politicians and officials from all Directorates.

A complete report regarding the feedback on the public participation process will be included in the Final IDP document.

Dannhauser Municipality – 2017/2018 Draft Annual Budget and MTREF

Service Delivery and Budget Implementation Plan (SDBIP)

The municipal manager must within fourteen days after the approval of the annual budget submit to the mayor for approval a draft service delivery and budget implementation plan and draft annual performance agreements for all pertinent senior staff.

A service delivery and budget implementation plan is a detailed plan for implementing the delivery of municipal services contemplated in the annual budget and should indicate monthly revenue and expenditure projections and quarterly service delivery targets and performance indicators.

The mayor must approve the draft service delivery and budget implementation plan within 28 days of the approval of the annual budget.

This plan must then be monitored by the mayor and reported on to council on a regular basis. The municipal manager is responsible for implementation of the budget and must take steps to ensure that all spending is in accordance with the budget and that revenue and expenditure are properly monitored.

Generally, councils may incur expenditure only if it is in terms of the budget, within the limits of the amounts appropriated against each budget vote – and in the case of capital expenditure, only if council has approved the project. Expenditure incurred outside of these parameters may be considered to be unauthorized or, in some cases, irregular or fruitless and wasteful. Unauthorized expenditure must be reported and may result in criminal proceedings.